

**BEECH RIVER REGIONAL
AIRPORT AUTHORITY**

Financial Statements

For the Year Ended
June 30, 2017

BEECH RIVER REGIONAL AIRPORT AUTHORITY

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INTRODUCTORY SECTION

BEECH RIVER REGIONAL AIRPORT AUTHORITY

Roster of Board of Commissioners

Jim Terry	Chairman
Chris Hayes	Vice Chairman
Valerie Townsend	Secretary/Treasurer
Wayne Cathey	Commissioner
Tommy Page	Commissioner
Tim Pierce	Commissioner
Brian Smith	Commissioner
Dudley Smith	Commissioner
Dalton Tolley	Commissioner

FINANCIAL SECTION

JOHN R. POOLE, CPA
CERTIFIED PUBLIC ACCOUNTANT

134 NORTHLAKE DRIVE
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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Beech River Regional Airport Authority
Lexington, Tennessee

Report on the Financial Statements

I have audited the accompanying financial statements of the Beech River Regional Airport Authority as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Airport Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for the audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Beech River Regional Airport Authority as of June 30, 2017, and the changes in its financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters -Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information which includes the Management's Discussion and Analysis. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements and other knowledge we obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Matters -Other Information

The audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Airport Authority's basic financial statements. The Introductory Section and the Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Introductory Section and the Supplementary Information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Introductory Section and the Supplementary Information, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 28, 2017 on the consideration of the Airport Authority's internal control over financial reporting and the tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of the testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance.

Jah R Poole, CPA

December 28, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

Beech River Regional Airport Authority

Management's Discussion and Analysis

As management of the Beech River Regional Airport Authority, (the Airport Authority) we offer readers of the Airport Authority's financial statements this narrative overview and analysis of the financial activities of the Airport Authority for the fiscal year ended June 30, 2017. The analysis focuses on significant financial position, revenues and expenses and specific issues related to funds and the economic factors affecting the Airport Authority. Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes.

Financial Highlights:

The assets of the Beech River Regional Airport Authority exceeded its liabilities at the close of the most recent fiscal year by \$9,829,504. Of this amount, \$339,104 (unrestricted net position) may be used to meet the Airport Authority's ongoing obligations. The Airport Authority's total net position decreased by \$829,743 during the current year, primarily as a result of the depreciation charge of \$800,893 on the airport infrastructure.

Overview of the Financial Statements:

The Statement of Net Position presents information on all the Airport Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Airport Authority is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the Airport Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The basic financial statements can be found on pages 9-11 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 13-16 of this report.

Financial Analysis of the Financial Statements

As noted earlier, net position may serve over time as a useful indicator of the Airport Authority's financial position. In the case of the Beech River Regional Airport Authority, assets exceeded liabilities by \$9,829,504 at the close of the most recent fiscal year. By far the largest portion of the Airport Authority's assets reflects its investment in capital assets. The Airport Authority uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending.

Beech River Regional Airport Authority's Net position - 2017

Current assets	\$ 350,698
Capital assets, net	<u>9,488,880</u>
Total assets	<u>9,839,578</u>
Current liabilities	<u>10,074</u>
Net position:	
Investment in capital assets	9,488,880
Restricted	1,520
Unrestricted	<u>339,104</u>
Total net position	\$ <u>9,829,504</u>

Beech River Regional Airport Authority's Net position - 2016

Current assets	\$ 413,449
Capital assets, net	<u>10,289,773</u>
Total assets	<u>10,703,222</u>
Current liabilities	<u>43,975</u>
Net position:	
Investment in capital assets	10,289,773
Restricted	4,821
Unrestricted	<u>364,653</u>
Total net position	\$ <u>10,659,247</u>

At the end to the current fiscal year, the Airport Authority is able to report positive balances in all categories of net position.

Comparison of revenues and expenses

	2017	2016	Change Between Years
Operating Revenues:			
Ground lease and T-hangar rent	\$75,131	\$50,482	\$24,649
Fuel sales	175,449	227,438	(51,989)
Miscellaneous	1,000	2,279	(1,279)
Total Operating Revenues	<u>251,580</u>	<u>280,199</u>	<u>(28,619)</u>
Operating Expenses:			
Personnel costs	123,027	120,099	(2,928)
Employee benefits	11,306	10,851	(455)
Fuel purchases	124,633	146,421	21,788
Materials and supplies	8,190	5,600	(2,590)
Repairs and maintenance	74,259	48,403	(25,856)
Vehicle expenses	7,060	3,380	(3,680)
Office expense	11,834	5,710	(6,124)
Insurance	27,326	25,697	(1,629)
Utilities	40,525	37,881	(2,644)
Professional services	3,898	20,972	17,074
Fuel farm expenses	16,099	6,069	(10,030)
Credit card fees	3,373	2,210	(1,163)
Depreciation	800,893	795,372	(5,521)
Miscellaneous	389	1,645	1,256
Total Operating Expenses	<u>1,252,812</u>	<u>1,230,310</u>	<u>(22,502)</u>
Operating income (loss)	<u>(1,001,232)</u>	<u>(950,111)</u>	<u>(6,117)</u>
Nonoperating Revenues (Expenses):			
Intergovernmental appropriations	156,848	221,051	(64,203)
Interest income	341	340	1
Donations	14,300	0	14,300
Total Nonoperating Revenues (Expenses)	<u>171,489</u>	<u>221,391</u>	<u>(49,902)</u>
Capital contributions - Governmental grants	<u>0</u>	<u>349,649</u>	<u>(349,649)</u>
Net change in net position	(829,743)	(379,071)	(405,668)

Capital Asset

The Beech River Regional Airport Authority's investment in capital assets at June 30, 2017, amounts to \$10,289,773 (net of accumulated depreciation). This investment in capital assets is in land, buildings and equipment.

Beech River Regional Airport Authority's Capital Assets

	<u>2017</u>	<u>2016</u>
Land	1,117,830	1,117,830
Airport	13,439,663	13,439,663
Buildings	2,831,352	2,831,352
Equipment	<u>230,953</u>	<u>230,953</u>
Total	17,619,798	17,619,798
Less accumulated depreciation	<u>(8,130,918)</u>	<u>(7,330,025)</u>
Net Capital Assets	<u>9,488,880</u>	<u>10,289,773</u>

Additional information on the Beech River Regional Airport Authority's capital assets can be found in the notes to the financial statements section of this report.

Requests for Information

This financial report is designed to provide a general overview of the Airport Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Beech River Regional Airport Authority

FINANCIAL STATEMENTS

BEECH RIVER REGIONAL AIRPORT AUTHORITY

Statement of Net Position

June 30, 2017

Assets

Current Assets:

Cash and cash equivalents	\$264,229
Customer accounts receivable	10,555
Grant receivable	5,693
Prepaid expenses	26,706
Inventory	43,515
Total Current Assets	<u>350,698</u>

Capital Assets:

Airport plant in service	17,619,798
Less accumulated depreciation	<u>(8,130,918)</u>
Total Capital Assets, Net	<u>9,488,880</u>

Total Assets	<u><u>\$9,839,578</u></u>
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Liabilities

Current Liabilities:

Accounts payable	\$2,080
Accrued expenses	5,284
Unearned hangar rent	2,710
Total Current Liabilities	<u>10,074</u>

Net Position:

Investment in capital assets	9,488,880
Restricted - state	1,520
Unrestricted	<u>339,104</u>
Total Net Position	<u><u>\$9,829,504</u></u>

The notes accompanying the financial statements are an integral part of these financial statements.

BEECH RIVER REGIONAL AIRPORT AUTHORITY

**Statement of Revenues, Expenses
and Changes in Net Position**

For the Year Ended June 30, 2017

Operating Revenues:

Ground lease and T-hangar rent	\$75,131
Fuel sales	175,449
Miscellaneous	1,000
Total Operating Revenues	<u>251,580</u>

Operating Expenses:

Personnel costs	123,027
Employee benefits	11,306
Fuel purchases	124,633
Materials and supplies	8,190
Repairs and maintenance	74,259
Vehicle expenses	7,060
Office expense	11,834
Insurance	27,326
Utilities	40,525
Professional services	3,898
Fuel farm expenses	16,099
Credit card fees	3,373
Depreciation	800,893
Miscellaneous	389
Total Operating Expenses	<u>1,252,812</u>

Operating income (loss)	<u>(1,001,232)</u>
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Nonoperating Revenues (Expenses):

Intergovernmental appropriations	156,848
State grant funds	14,300
Interest income	341
Total Nonoperating Revenues (Expenses)	<u>171,489</u>

Net change in net position	(829,743)
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Net Position, July 1, 2016	<u>10,659,247</u>
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Net Position, June 30, 2017	<u><u>\$9,829,504</u></u>
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The notes accompanying the financial statements are an integral part of these financial statements.

BEECH RIVER REGIONAL AIRPORT AUTHORITY

Statement of Cash Flows

For the Year Ended June 30, 2017

Cash Flows from Operating Activities:	
Cash received from customers	\$251,580
Cash paid to suppliers	(177,673)
Cash paid to employees	(134,333)
Net Cash Provided (Used) by Operating Activities	<u>(60,426)</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of capital assets	0
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>0</u>
Cash Flows from Investing Activities:	
Interest received	341
Net Cash Provided (Used) by Investing Activities	<u>341</u>
Net Increase (decrease) in Cash	(60,085)
Cash and Cash Equivalents, July 1, 2016	<u>324,314</u>
Cash and Cash Equivalents, June 30, 2017	<u>\$264,229</u>

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating income (loss)	(\$1,001,232)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	800,893
State grant funds	14,300
Intergovernmental appropriations	156,848
Change in assets (increase) decrease:	
Accounts and grants receivable	(9,068)
Inventory	9,749
Prepaid expenses	1,985
Change in liabilities increase (decrease):	
Accounts payable and accrued expenses	5,181
Unearned revenue	<u>(39,082)</u>
Net Cash Provided (Used) by Operating Activities	<u>(\$60,426)</u>

The notes accompanying the financial statements are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

BEECH RIVER REGIONAL AIRPORT AUTHORITY

Notes to Financial Statements

June 30, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Beech River Regional Airport Authority was organized to provide air transportation to the Counties surrounding the facility. The Authority is an organization that is jointly governed by the City of Lexington, City of Parsons, Decatur County, and Henderson County, Tennessee. The cities and the counties appoint the members of the Authority's board.

The Board of Commissioners, a nine-member group constituting an on-going entity, has governance responsibilities over all activities related to the operation of the Beech River Regional Airport Authority. The Airport Authority receives primary funding from charges to its customers. The Airport Authority may also receive funding from various governmental grants.

The Board members have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

Basis of Accounting

The accompanying financial statements of the Airport Authority have been prepared on the accrual basis of accounting. The Airport Authority uses the economic resources measurement focus. Revenues are recognized when they are earned, and expenses are recognized when incurred. Expenditures are recognized in the accounting period in which the liability is incurred and is measurable.

Cash and Cash Equivalents

The Airport Authority considers all highly liquid debt instruments purchased with original maturities of 90 days or less to be cash equivalents.

Inventory

Gasoline inventory is valued at the lower of cost (first-in, first-out) or market.

Capital Assets

Capital assets of the Airport Authority is recorded at cost. Depreciation is computed over the estimated life of the assets utilizing the straight-line method. The estimated life for utility plant in service is from 5 to 50 years. Capital assets are defined by the Airport Authority as assets with an individual cost of \$3,500 and an estimated useful life in excess of three years.

Capital Interest

Interest costs are capitalized when incurred on debt where proceeds were used to finance the construction of assets.

BEECH RIVER REGIONAL AIRPORT AUTHORITY

Notes to Financial Statements

June 30, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Restricted Assets

Restricted assets represent cash and cash equivalents required to be set aside for construction and major repairs and maintenance. It is the policy of the Airport Authority to apply restricted assets when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

Operating revenues and operating expenses

The Airport Authority recognizes operating revenues and operating expenses resulting from providing services and producing goods to its customers. All other revenues and services are deemed nonoperating.

Net Position Flow Assumption

Sometimes the Airport Authority will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Airport Authority's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

BEECH RIVER REGIONAL AIRPORT AUTHORITY

Notes to Financial Statements

June 30, 2017

Note 2 - CASH AND CERTIFICATE OF DEPOSITS

All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the Airport Authority. Additionally, the deposit accounts are covered by the Federal Depository Insurance Coverage (FDIC).

Note 3 - CAPITAL ASSETS

A summary of changes in capital assets in service is as follows:

	Balance <u>6-30-16</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>6-30-17</u>
Assets not being depreciated				
Land	\$1,117,830	-	-	1,117,830
Assets being depreciated				
Airport	13,439,663	-	-	13,439,663
Building	2,831,352	-	-	2,831,352
Furniture and equipment	<u>230,953</u>	<u>-</u>	<u>-</u>	<u>230,953</u>
	17,619,798	-	-	17,619,798
Less accumulated depreciation	<u>7,330,025</u>			<u>8,130,918</u>
Capital assets - net	<u>\$10,289,773</u>			<u>9,488,880</u>

The depreciation expense for the year was \$800,893. All assets are being depreciated except for land of \$1,117,830.

BEECH RIVER REGIONAL AIRPORT AUTHORITY

Notes to Financial Statements

June 30, 2017

Note 4 - INSURANCE

The Airport Authority carries commercial insurance for the majority of risks of loss, including general liability, property and casualty, workers' compensation and environmental. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 5 - UNEARNED REVENUES

Some customers prepay hangar rent and ground leases as of June 30, 2017, the Airport Authority has recorded the appropriate amount as deferred rent and is recognizing the rent revenue as it is earned.

Note 6 - COMMITMENTS AND LITIGATION

Litigation:

The Airport Authority is not involved in any litigation which would have a material effect on the financial statements of the Airport Authority.

Grants:

Amounts received from Grantor agencies are subject to audit and adjustment by Grantor agencies, principally the Federal government. Any disallowed claims including amounts already collected, could become a liability of the Airport Authority.

SUPPLEMENTAL INFORMATION

BEECH RIVER REGIONAL AIRPORT AUTHORITY

Schedule of Federal and State Financial Assistance

For the Year Ended June 30, 2017

<u>CFDA Number</u>	<u>State Grant Number</u>	<u>Program Name</u>	<u>Grantor Agency</u>	<u>Receivable (Deferred) Balance June 30, 2016</u>	<u>Grant Receipts</u>	<u>Other Receipts</u>	<u>Grant Expenditures</u>	<u>Receivable (Deferred) Balance June 30, 2017</u>
State Program:								
N/A	aero091480	Hangar Construction	State of Tennessee Department					
	TAD-39-0138-16	2017	of Transportation - from US					
			Department of Transportation	<u>0</u>	<u>10,999</u>	<u>0</u>	<u>14,300</u>	<u>3,301</u>
N/A	aero061516	Airport Maintenance	State of Tennessee Department					
	TAD-39-1637	2016	of Transportation	<u>2,392</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,392</u>
This schedule prepared on the accrual basis of accounting.			Total grants	<u>2,392</u>	<u>10,999</u>	<u>0</u>	<u>14,300</u>	<u>5,693</u>

COMPLIANCE AND INTERNAL CONTROL

JOHN R. POOLE, CPA
CERTIFIED PUBLIC ACCOUNTANT

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(615) 822-4177

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

Board of Commissioners
Beech River Regional Airport Authority
Lexington, Tennessee

I have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Beech River Regional Airport Authority as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Beech River Regional Airport Authority's basic financial statements, and have issued a report thereon dated December 28, 2017.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Beech River Regional Airport Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Beech River Regional Airport Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of the Beech River Regional Airport Authority's internal control.

My consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, I identified a deficiency in internal control that I consider to be a material weakness (2017-001 Lack of segregation of Duties).

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiency described below (2017-001) to be a material weakness.

The material weakness is as follows:

2017-001 Separation of Duties

Condition: The Authority cannot fully segregate the record-keeping and custodial functions of its internal controls due to the size of its staff.

Criteria: Generally accepted accounting principles require that accounting functions be adequately segregated to ensure that the internal accounting controls are effective.

Effect: The risk of errors and irregularities occurring and not being detected in a timely manner increases when accounting functions are not adequately segregated.

Recommendation: We realize that the staff size will not allow the Authority to completely segregate the duties to the optimum level desired. However, the accounting functions should be segregated as much as possible. Management needs to be aware that this weakness exists in the system of internal accounting control.

Response: We acknowledge this comment and understand that it is related to our size. However, it is not economically feasible at this time to hire a sufficient number of people to adequately separate the duties. We (the Board) do continue to monitor our finances and internal controls. We have instituted means such as requiring two signatures on checks and requiring our cash account reconciliations be performed by individuals with no authority to receive or distribute payments to mitigate this weakness. We (Board) are the contact related to this information.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Beech River Regional Airport Authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of the audit and, accordingly, I do not express such an opinion. The results of the tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Response to Finding

The Beech River Regional Airport Authority's response to the finding identified in the audit is described above. The Beech River Regional Airport Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of the testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

John R. Poole, CPA

December 28, 2017

BEECH RIVER REGIONAL AIRPORT AUTHORITY

Schedule of Disposition of Prior Year Comments

June 30, 2017

<u>Finding Number</u>	<u>Finding Title</u>	<u>Status</u>
2013-001	Separation of Duties	Repeated

The original finding number was 2013-001. The current finding number is 2017-001.